R. J. Reynolds
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TO: Region Managers

FROM: Rich Tanchyk

DATE: May 29,1997

SUBJECT: Winston No Bull Transition

Ladies and Gentlemen ,

I am sure you all have given a lot of thought to the Winston "No Bull" campaign since last weeks meeting and are as anxious as I am for it to begin and to experience positive results.

I have come up with an idea to help aid us in limiting our liability during the transition period,i.e. reducing the amount of returns to Winston -Salem.It is a proactive plan which we need to begin thinking through now and not later.

Since the meeting I have made Direct,Chain,and independent surveys to see where we could possibly experience the biggest problems.The locations that leave us most vulnerable are larger out of region chains(ex.Cumberlands,Rite-Aids)and independent calls that are classified as borderline A or B calls.The coverage patterns of our retail reps as well as a short time frame of which to execute the "aggressive discounting" and then for that product to effectively sell through is a concern.I surveyed one chain store that had 33 cartons of Winston in stock not including full OPMs and counter displays.In this particuliar example,the category is extremely busy in terms of displays and normal everyday promotions that I think its very unrealistic to think that our discounting program will work.Please consider the following plan and let me know what you think:

1. Region field sales(ALL) identifys retail locations that need proactive help NOW.
2. Present to the retail calls a week in early July that RJR field sales would come in an exchange existing Winston product for NO BULL.(note this would satisfy instant product availabilty)
3. ROU could contact out of region RJR KAMs to request exchange authorization.
4. Retail Reps / Sales Reps could team up for a 1-3 day sweep.

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5. Ams where possible would obtain authorization from key direct accounts to consign product to RJR sales.The consigned product would ultimately come back to direct account in a delivered order slip from a mutual high volume outlet that both the direct account and RJR have a relationship .The teams would work in planned routes/areas to be most effective in coverage of the exchange stores and the ultimate dump site.

The following are real examples of my thought process -

HIBBERT MCGEE ----- CONSIGNS PRODUCT TO RJR-------- RJR USES PRODUCT TO EXCHANGE IN TARGETED CALLS--------RJR SELLS TO PAUL'S REDEMPTION CENTER (A HIIBBERT CUSTOMER)

STANDARD ROSENBAUM--------CONSIGNS TO RJR-------RJR USES TO TARGET RETAIL CALLS IN THE CLIFTON PARK AREA---------RJR SELLS TO RAZDAS CIGARETTE OUTLET(A STANDARD CUSTOMER)

Obviously this would take planning and communication as well as team work,but the degree of which we can possibly minimize "our" companies financial liability should be considered.An important note about dump stores;they need to be extremely viable.Locations that are very receptive to executing bought down product - large amounts of it and being able to sell it through quickly.We all know who they are and we should begin to present floor case display programs NOW.

If you see value in this program or can enhance it please let me know.

Sincerely,

Rich

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